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TAGS: [PREL](#) [PBTS](#) [PGOV](#) [PINS](#) [PNAT](#) [MASS](#) [MCAP](#) [PA](#) [BO](#) [VE](#)
SUBJECT: PARAGUAY: PRIVATE AND PUBLIC CONCERN OVER BOLIVIA
RISE

REF: A. ASUNCION 0992

[1](#)B. ASUNCION 1000
[1](#)C. ASUNCION 1020

Classified By: DCM Michael J. Fitzpatrick; Reasons: 1.4(b),(d).

[1](#)1. (U) SUMMARY: Bolivian Foreign Minister David Choquehuanca visited Paraguay October 19-21 to address concerns about Bolivia's military agreement with Venezuela to build new military bases and increase weapons sales. The Duarte Administration maintains it is satisfied with the Bolivian explanation, but the Paraguayan press, Congress and military have signaled lingering suspicions. While Duarte recently decided to reject immunities for U.S. military exercises some opinion makers inside and outside the government are arguing for more ties to the U.S. and advocate Paraguay taking more measures to strengthen its underfunded military force. END SUMMARY).

BOLIVIAN LEADERS DISCUSS AGREEMENT

[1](#)2. (U) Bolivian FM Choquehuanca visited Paraguay October 19-21 at the behest of the Paraguayan Government to address its concerns about the announced September 19 agreement on military cooperation that Bolivia signed with Venezuela to construct three new military bases and increase military hardware sales. Choquehuanca assured Paraguayan officials that Bolivia's agreement with Venezuela is driven primarily by commercial interests. He accused the United States of fomenting suspicion about the Bolivian and the Venezuelan arms agreement as a way to prompt Paraguayan fears. He publicly allowed, however, the agreement also bolsters his government's defenses against domestic unrest.

[1](#)3. (U) President Duarte and FM Ramirez, with whom Choquehuanca both met privately, publicly stated that they were satisfied with the explanation they received. Ramirez said Choquehuanca "gave assurances that there is no plan to build military base on Paraguay's border with Bolivia." He also noted that through united dialogue, the two nations would continue discussing important and sensitive issues central to the bilateral relationship. President Duarte, for his part, announced he planned to meet Bolivian President Morales on December 8 in Cochabamba during the Summit of South American Presidents. (NOTE: FM Ramirez announced October 15 that Paraguay and Bolivia will establish two new Consulates in the border region to expedite trade and tourism between the two countries. END NOTE).

[1](#)4. (U) Paraguay Defense Minister, Roberto Gonzalez, also stated that the Bolivian and Venezuelan agreement is very broad and does not pose a threat to Paraguay. Nevertheless, Gonzalez plans to meet with his Bolivian counterpart Walker San Miguel October 26-28 to continue talks regarding the arms agreement and to visit the sites where Bolivia will build two of its new bases.

MILITARY COMMANDERS REMAIN SUSPICIOUS

¶5. (S) Several senior Paraguayan military officials have told us that they are troubled by Bolivia's agreement with Venezuela on the one hand and the decision to end immunities for U.S. exercises on the other. Brig. Gen. Bernardino Soto, Duarte's senior military aide told DAO he was surprised that Duarte did not extend the "A and T immunities" for U.S. troops participating in joint exercises. Soto blamed Paraguay's politicians for decimating the military and blocking reform and the restructuring of the military. He believes that Bolivia and Venezuela, in particular, are intent on dominating the region, and regards military confrontation as a remote possibility.

¶6. (U) Other former and current military officials have similarly expressed their belief that Paraguay needs to restructure its armed forces and build a stronger relationship with the U.S. Retired Paraguayan Army Col. Jorge Solis Gianni who has studied in U.S. military schools told the media that the Armed Forces are ill-prepared to defend the nation against foreign aggression. He insisted that Paraguay needs to seek a military agreement with the U.S.

¶7. (U) Military commanders, Congressional leaders and Defense Minister Gonzalez met October 24 to assess the contradictory and ambiguous aspects of the Bolivian and Venezuelan arms agreement. It was reported that some of the participants agreed that their concern is not what the agreement says but, "what it fails to say." Authentic Radical Liberal Party (PLRA) Senator Carlos Ramirez Montalbetti stated that military experts analyzed the current military situation and expressed the need for the Armed Forces to maintain a vigilant attitude. (NOTE: Paraguay has an annual defense budget of USD 53 million, while Bolivia has a budget of more

than USD 130 million. The total value of the Bolivian budget does not include the value of the new arms agreement. END NOTE).

CONGRESS NOT SATISFIED WITH BOLIVIAN EXPLANATIONS

¶8. (U) Senators from the ruling Colorado Party and the opposition alike have signaled concerns about Bolivia's relationship with Venezuela. Colorado Senator Blas Riquelme said that Venezuelan President Hugo Chavez is arming Bolivia and that the Paraguayan Government made a mistake in not renewing its agreement extending immunity to U.S. soldiers. He further charged that Chavez "has contempt for democracy, does not respect private property, and is a potential threat to the Americans." Senator Enrique Gonzalez Quintana, of the opposition party UNACE and President of the Senate, made clear his own concerns when he said October 15 that "Bolivia has never abandoned its intention of invading the Chaco and thus it is worrisome for the Duarte Administration to ignore the Bolivian and Venezuelan arms agreement." He argued that Paraguay should pursue a firmer stance in its foreign policy and watch Bolivia more closely. Otherwise, Quintana warned, history could repeat itself (referring to Paraguay's war with Bolivia in the 1930's).

¶9. (U) Quintana also blasted the Duarte Administration for rejecting the military cooperation agreement with the U.S. over the extension of "immunities" and said, "this decision leaves us completely unprotected." He conceded that there are disagreements with U.S. policy but emphasized the U.S. military has technical abilities that could help train the Paraguayan military to defend its borders. Several other members of Congress, including Senator Miguel Saguier (PLRA), President of the Senate Commission on Constitutional Affairs and Defense, have criticized the Duarte Administration for not continuing with the agreement and believe that Bolivia and Venezuela are "intent on pushing us around." (ref. A) Saguier also noted that the Bolivian Foreign and Defense Ministers made contradictory statements, highlighting that one said the agreement is to combat drug trafficking while the other said it was for development. They have also

acknowledged publicly that the military faces a deficit in terms of equipment and training.

¶10. (C) COMMENT: Political and military issues have come to dominate relations between Paraguay and Bolivia, replacing trade as the hot topic for the time being. Although the Bolivian FM's visit helped defuse tensions, officials within the government and military remain skeptical of their northern neighbor. Post is working with the MFA on an agreement to secure protections for our exercises under the rubric of "technical" activities. (ref. C) Meanwhile, Paraguay's military seeks an increase in its funds and more attention on reform in efforts to address lingering concerns about its security posture and Bolivia's strengthened ties with Venezuela.

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